

No. 14,216

IN THE

United States Court of Appeals
For the Ninth Circuit

ALDEN HANSEN,

Plaintiff-Appellant,

VS.

SAFEWAY STORES, INCORPORATED,
a corporation,

Defendant-Appellee.

APPELLEE'S PETITION FOR A REHEARING.

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ALDEN HANSEN,

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VS.

SAFEWAY STORES, INCORPORATED,
a corporation,

Defendant-Appellee.

APPELLEE'S PETITION FOR A REHEARING.

*To the Honorable James Alger Fee, Walter L. Pope
and James M. Carter, Judges of the United States
Court of Appeals for the Ninth Circuit:*

The appellee, feeling itself aggrieved by the opinion filed in this Court on June 27, 1956, petitions for a rehearing of the following propositions which are expressed or inherent in said opinion and which the appellee believes to be contrary to controlling authority or to the undisputed evidence.

I. *That the trial court permitted trial of collateral issues outside the scope of the pre-trial order.*

The Court's opinion states that "the trial of various collateral issues got the jury into difficulty," that the question of Safeway's "technical shop right . . . and

a great many (other) extraneous issues were tried," and that "the trial was not confined to the matters set out in the pre-trial order." Petitioner respectfully suggests and will later show that the Court has substantially misinterpreted the terms of the pre-trial order in question.

II. *That where issues are limited by pre-trial order, the admission of evidence on additional issues is error despite the failure of either party to complain of the deviation.*

The Court's opinion maintains that the trial of issues purportedly outside the scope of the pre-trial order "was a basic error," presumably justifying reversal. Petitioner suggests that controlling authority, cited below, is clearly to the contrary.

III. *That appellate review must be limited to the issues expressly outlined in the pre-trial order, despite full trial of other issues.*

Despite full presentation of evidence on the defenses of lack of infringement, statutory license, and shop right, this Court has restricted its review to the sole issue of validity of the patent, apparently believing itself bound by its restricted interpretation of the pre-trial order. Petitioner suggests that such a limited review is highly prejudicial to it, and that a decision correct on any grounds must be affirmed.

IV. *That the issuance of a patent raises a presumption of validity which constitutes evidence sufficient to require submission of the issue of validity to the jury and to foreclose a directed verdict.*

The Court's opinion insists that there was "a strong presumption of validity" arising from the issuance of the patent by the Patent Office, that "the ruling of the Court of Customs and Patent Appeals adds great weight to the presumption . . .", and that the trial court's "balancing of this presumption against the anticipatory references was . . . a finding of fact." Petitioner suggests that under controlling authority, analyzed in detail below, any such presumption disappears where pertinent prior art was not considered, and that in the face of clear proof of lack of invention the so-called presumption does not prevent a directed verdict or a judgment notwithstanding the verdict.

V. *That novelty and utility alone are sufficient to support a finding of validity of a patent despite a clear lack of invention.*

The Court's opinion states as a legal proposition that where old elements are combined "a combination of such elements will still amount to invention if it performs a new and useful function." Such a statement must be based on the assumption that there is evidence in the record that the Hansen device is a *new* combination of old elements, performing a *new* and useful function over the prior art. Petitioner suggests that both the legal proposition and the factual assumption are in error, in view of the record and the controlling authorities.

ARGUMENT.

- I. JUDGE CARTER'S PRE-TRIAL ORDER ENCOMPASSED RATHER THAN ELIMINATED SAFEWAY'S DEFENSES OF NON-INFRINGEMENT, "STATUTORY LICENSE", AND "SHOP-RIGHT".

The Court of Appeals has interpreted the pre-trial order contrary to the interpretation given it by both parties and the trial court. Thereby the appellate court has wiped out basic defenses pleaded by Safeway and tried by the parties and the trial court in accordance with their unanimous understanding of the pre-trial order.

The record is clear. Vol. II, p. 12, that the pre-trial order was intended solely to limit plaintiff's case in chief. It was not intended to, and does not in terms, limit Safeway's right to present its defenses that the patent, if valid, was not infringed either because (1) of Safeway "statutory license" or "shop-right", or (2) otherwise. Petitioner respectfully draws to the attention of the Court the following discussion between Judge Carter and counsel for the plaintiff:

Mr. Bortin. ". . . we felt that one of their defenses, which is shop right, and other factors in the case, may raise an estoppel . . ."

The Court. "You have the right to meet that . . . Such an order wouldn't foreclose you from meeting that."

If the plaintiff had the right under the pre-trial order to rebut the defenses of non-infringement, statutory license, and shop right, can it be seriously contended that defendant had no right under the

order to raise such defenses? See also Record Vol. II, p. 13 line 25 to p. 14 line 4, wherein the Trial Judge recognizes that the pre-trial order was not intended to limit presentation of matters of defense.

Non-infringement in all of its aspects was clearly an issue reserved in the pre-trial order. Consequently, the subsequent admission of evidence on these issues—without objection—was not in violation of the pre-trial order.

Surely the appellate court must accept the construction placed upon the pre-trial order by the trial court and the parties. Especially is this true where the appellate court's construction serves to eliminate basic defenses appropriately pleaded and tried.

II. EVEN IF PRE-TRIAL ORDER BE STRICTLY CONSTRUED, RECEPTION OF EVIDENCE ON ISSUES OUTSIDE PRE-TRIAL ORDER CONSTITUTES AN INFORMAL AMENDMENT OF THE ORDER, WITHIN THE SOUND DISCRETION OF THE TRIAL COURT, AND CANNOT BE CONSIDERED AS ERROR.

As a fundamental basis of its reversal the Court of Appeals has held that it is "basic error" and beyond the power of the trial court and the parties to amend a pre-trial order by mutual agreement. The appellate court has made this startling holding without receiving any argument on it—oral or written. Controlling authority is to the contrary.

Bucky v. Sebo, 208 F. 2d 304 (2d C.A. 1953);
Sartori v. U.S., 186 F. 2d 679 (10th C.A. 1950);
Mayfield v. First Nat. Bank of Chattanooga,
 137 F. 2d 1013 (6th C.A. 1943);

Cf.

Smith Contracting Corp. v. Trojan Const. Co.,
192 F. 2d 234 (10th C.A. 1951);

3 Moore's Fed. Practice, p. 1132: "Failure formally to amend the pre-trial order is not error when the Court admits evidence to the same extent as if the order had been amended."

See also:

Montgomery Ward and Co. v. Northern Pacific Terminal Company of Ore., 17 F.R.D. 52 (D. Ore. 1954), wherein Fee, J. held, at p. 54, that a pre-trial order is an "extension of the formal complaint . . ." If this be true, it is equally subject to amendment to conform to proof in accord with Fed. Rule 15(b), as noted in the *Sebo* case, *supra*.

III. AN APPELLATE COURT MUST REVIEW A JUDGMENT IN THE LIGHT OF THE ENTIRE CASE RATHER THAN ON LIMITED GROUNDS CITED BY THE TRIAL COURT—A DECISION CORRECT ON ANY GROUNDS MUST BE AFFIRMED.

A. The question on appeal is always whether the judgment of the lower court was correct, not whether the reasons given for the judgment are valid.

Davis v. Packard, 31 U.S. 41, 8 L. Ed. 312 (1832);

Stoody Co. v. Mills Alloys Inc., 67 F. 2d 807 (9th C.A. 1933);

Eureka County Bank v. Clarke, 130 Fed. 325 (9th C.A. 1904).

The judgment of the trial court recited that as a matter of law there was no evidence which would justify a verdict in favor of plaintiff. If any of the defenses raised by Safeway are uncontroverted, as a matter of law, the verdict must be affirmed; the appellate court cannot properly limit its review to the issue of validity of the patent noted in the trial court's "memorandum for judgment."

B. A trial court decision correct on any grounds must be affirmed.

Brown v. Allen, 73 S. Ct. 397, 408; 344 U.S. 443; 97 L. Ed. 469 (1953);

Helvering v. Gowran, 58 S. Ct. 154; 302 U.S. 238; 82 L. Ed. 224 (1937);

Bucky v. Sebo, 208 F. 2d 304 (2d C.A. 1953);

Commissioner of Internal Revenue v. Stimson Mill Co., 137 F. 2d 286 (9th C.A. 1943);

McGivern v. Northern Pac. Ry. Co., 132 F. 2d 213 (8th C.A. 1942).

The judgment of the trial court directing a verdict for the defendant was correct, not only on grounds of the invalidity of the patent as a matter of law, but also on the ground of the lack of infringement as a matter of law because of the defendant's statutory license or shop-right, or because of basic differences between plaintiff's device and the devices used by defendant. The appellate court cannot properly reverse solely on the ground that a question of fact existed as to the issue of the patent's validity.

IV. THE PRESUMPTION OF VALIDITY OF A PATENT DOES NOT RAISE AN ISSUE OF FACT REQUIRING SUBMISSION TO A JURY AND FORECLOSING A DIRECTED VERDICT IRRESPECTIVE OF OTHER EVIDENCE OF INVALIDITY.

A. Where pertinent prior art was not considered by the patent office or the Court of Customs and Patent Appeals, the presumption of validity disappears or is largely dissipated.

Fritz W. Glitsch & Sons, Inc. v. Wyatt Metal & Boiler Wks., 224 F. 2d 331 (5th C.A. 1955);

Jacuzzi Bros. v. Berkeley Pump Co., 191 F. 2d 632 (9th C.A. 1951);

Gomez v. Granat Bros., 177 F. 2d 266 (9th C.A. 1949);

Hughes v. Salem Co-operative Co., 137 F. Supp. 572 (W.D. Mich. 1955).

The record is clear, Vol. IV, pp. 341-367, Appellee's Brief, pp. 31-39, that the Iseri, Graham, and Bach patents, and the prior use by Pontiac Motor Car Co. and by defendant-appellee, were not considered by the Patent Office or by the Court of Customs and Patent Appeals, and that if they had been considered, the Court would not have ordered the Hansen patent to be issued.

B. The general presumption of validity of an administrative decision does not of itself raise a genuine issue of material fact requiring submission of the issue to a jury; the presumption is rebuttable

and disappears upon the introduction of clear and undisputed evidence contrary thereto.

U.S. Air Cond. Corp. v. Governair Corp., 216 F. 2d 430 (10th C.A. 1954);

Hygrade Food Prod. Corp. v. R.F.C., 196 F. 2d 738 (U.S. Em. Ct. of App. 1952);

Harlan Taxi Assn. v. Nemesh, 191 F. 2d 459 (D.C.C.A. 1951);

J. R. Watkins Co. v. Raymond, 184 F. 2d 925 (8th C.A. 1950);

Gillette's Estate v. Comm., 182 F. 2d 1010 (9th C.A. 1950);

Traders & Gen. Ins. Co. v. Powell, 177 F. 2d 660 (8th C.A. 1949).

C. Lacking substantial independent evidence of validity, the trial court may properly rule that a defendant has met the burden of proving invalidity as a matter of law, despite the presumption, and direct a verdict in defendant's favor.

Vermont Structural Slate Company v. Tatko Brothers Slate Company, 233 F. 2d 9 (2d C.A. 1956);

Bobertz v. General Motors Corp., 228 F. 2d 94 (6th C.A. 1955);

Berkeley Pump Co. v. Jacuzzi Bros., 214 F. 2d 785 (9th C.A. 1954);

United Mattress Mach. Co. v. Handy Button Mach. Co., 207 F. 2d 1 (3rd C.A. 1953);

Packwood v. Briggs & Stratton Corp., 195 F. 2d 971 (3rd C.A. 1952).

Cf. The following cases, reversing judgments of validity, thereby holding patents invalid as a matter of law, despite presumption:

Great A & P Tea Co. v. Supermarket, 71 S. Ct. 127 (1950);

Powder Power Tool Corp. v. Powder Actuated Tool Co., 230 F. 2d 409 (7th C.A. 1956);

Fritz W. Glitsch & Sons, Inc. v. Wyatt Metal & Boiler Wks., 224 F. 2d 331 (5th C.A. 1955);

Kwikset Locks v. Hillgren, 210 F. 2d 483 (9th C.A. 1954);

U.S. Air Cond. Corp. v. Governair Corp., 216 F. 2d 430 (10th C.A. 1954);

General Motors v. Estate Stove Corp., 203 F. 2d 912 (6th C.A. 1953);

Cont. Farm Eq. Co. v. Love Tractor, 199 F. 2d 202 (8th C.A. 1952);

Lane-Wells Co. v. Johnston, 181 F. 2d 707 (9th C.A. 1950).

The trial court in this case properly ruled that, under the controlling definitions of a patentable invention, plaintiff failed to present substantial evidence of validity and defendant proved invalidity as a matter of law.

V. TO BE PATENTABLE A DEVICE MUST INVOLVE "INVENTION" AS WELL AS "NOVELTY" AND "UTILITY".

A. Although a combination of old elements must perform a new and useful function to be patentable, this requirement satisfies only the criteria of "nov-

elty” and “utility”; the device must also achieve the status of “invention” to be a valid patent.

Application of Lawson, 228 F. 2d 249 (Ct. of Cus. & Pat. App. 1955);

Application of Backhouse, 220 F. 2d 283 (Ct. of Cus. & Pat. App. 1955);

Hycon Mfg. Co. v. Koch & Sons, 219 F. 2d 353 (9th C.A. 1955);

Pollard v. Amer. Phenolic Corp., 219 F. 2d 360 (4th C.A. 1955);

Buffalo-Springfield Co. v. Galion, 215 F. 2d 686 (6th C.A. 1954);

Allied Wheel Prod. v. Rude, 206 F. 2d 752 (6th C.A. 1953);

Palmer v. Kaye, 185 F. 2d 330 (9th C.A. 1949);

Gomez v. Granat Bros., 177 F. 2d 266 (9th C.A. 1949);

Schick Serv. Inc. v. Jones, 173 F. 2d 969 (9th C.A. 1949).

The trial court correctly adhered to controlling law in this and other circuits that a device must not only be novel and useful, but also constitute an “invention”, and correctly held that plaintiff’s device did not constitute a patentable invention.

B. Mere performance of a new and useful function by a combination of old elements does not amount to invention unless the result is unexpected and unobvious—the achievement of the inventive faculty.

Powder Power Tool Corp. v. Powder Actuated Tool Co., 230 F. 2d 409 (7th C.A. 1956);

Application of Shaffer, 229 F. 2d 476 (Ct. of Cus. & Pat. App. 1956);

- Application of Tatincloux*, 228 F. 2d 238 (Ct. of Cus. & Pat. App. 1955);
- Bobertz v. General Motors*, 228 F. 2d 94 (6th C.A. 1955);
- Pierce v. Muehlsisen*, 226 F. 2d 200 (9th C.A. 1955);
- Hunter-Douglas Corp. v. Lando Products*, 215 F. 2d 372 (9th C.A. 1954);
- Kwikset Locks v. Hillgren*, 210 F. 2d 483 (9th C.A. 1954);
- Himes v. Chadwick*, 199 F. 2d 100 (9th C.A. 1952);
- Photochart v. Photo Patrol*, 198 F. 2d 625 (9th C.A. 1951).

There is no evidence whatsoever that any new or useful result achieved by the Hansen device was to any extent or degree unexpected or unobvious in view of the prior art. On the contrary, in view of said prior art not considered by the Patent Office or the Court of Customs and Patent Appeals, but brought to the attention of the trial court, any result achieved by the Hansen device was purely the result of mechanical skill, easily achieved by one skilled in the art and having knowledge of the prior art.

C. The uncontradicted evidence shows that the Hansen device is not a combination of previously uncombined elements, but is a substantial duplicate of several examples of prior art devices; in such a case where all elements can be found in a single prior structure, doing the same work in substantially the same manner, there can be no "invention" even though the device performs a new and useful func-

tion, since a mere change in result or function with no substantial change in structure or form can never constitute a patentable "invention."

Application of Lawson, 228 F. 2d 249 (Ct. of Customs & Patent Appeals 1955);

Application of Ducci, 225 F. 2d 683 (Ct. of Cus. & Pat. App. 1955);

Kruger v. Whitehead, 153 F. 2d 238 (9th C.A. 1946);

Lempco Products v. Timpken-Detroit Axle, 110 F. 2d 307 (6th C.A. 1940).

The Hansen device does not even rise to the dignity of a "combination patent", in the sense of a combining of old elements in a new combination. Each of the four elements claimed by Hansen are found in substantially the same combination in Iseri, Graham and Bach patents, and in the Pontiac prior use. Record Vol. IV, pp. 459-470. The Hansen device is merely a combination of elements that were already existing in each of several prior patents or prior uses brought to the attention of the trial court. Therefore, irrespective of how unexpected or unobvious was the new function or use to which Hansen put his device, the substantial similarity in structure alone is sufficient to negate "invention" as a matter of law.

VI. CONCLUSION.

For the reasons above set forth, appellee respectfully submits that its petition for a rehearing should be granted.

Dated, San Francisco, California,

August 15, 1956.

Respectfully submitted,

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CERTIFICATE OF COUNSEL.

I hereby certify that I am of counsel for appellee and petitioner in the above entitled cause and that in my judgment the foregoing petition for a rehearing is well founded in point of law as well as in fact and that said petition for a rehearing is not interposed for delay.

Dated, San Francisco, California,
August 15, 1956.

JOHN F. SWAIN,
*Of Counsel for Appellee
and Petitioner.*

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